



Robert A. Alm
Senior Vice President
Public Affairs

January 28, 2005

The Honorable Chairman and Members of
the Hawaii Public Utilities Commission
Kekuanaoa Building
465 South King Street, First Floor
Honolulu, Hawaii 96813

Dear Commissioners:

Subject: Docket No. 04-0113
HECO Test Year 2005 Rate Case
Affidavit of Publication

Attached is the Affidavit of Publication for HECO's Notice of Public Hearing in the above referenced docket. As indicated on the Affidavit of Publication, a public hearing notice was published in The Honolulu Advertiser on December 29, 2004.

Sincerely,

Attachment

cc: Division of Consumer Advocacy

PUBLIC UTILITIES
COMMISSION

2005 JAN 28 P 3:58

FILED

WINNER OF THE EDISON AWARD
FOR DISTINGUISHED INDUSTRY LEADERSHIP



IN THE MATTER OF

NOTICE OF PUBLIC HEARING

NOTICE OF PUBLIC

**APPLICATION OF HAWAIIAN ELECTRICITY
FOR APPROVAL OF RATE INCREASES,
SCHEDULES AND RULES, AND FOR
MODIFICATION OF DEMAND-SIDE
PROGRAMS AND RECOVERY OF
AND DEMAND-SIDE MANAGEMENT**

DOCKET NO. 04-

NOTICE IS HEREBY GIVEN that pursuant to chapter 261 ("HRS"), the STATE OF HAWAII, PUBLIC UTILITIES, is holding a public hearing relating to the application of HAWAIIAN ELECTRICITY filed on November 12, 2004, for: (1) approval of a general increase in rates and rules; and (2) approval and/or modification of its demand-side management programs and recovery of program costs and demand-side management will be held as follows:

Date: Wednesday, January 12, 2005
Time: 6:00 p.m.
Location: Kaimuki High School Auditorium

HECO is a franchised public utility engaged in the production and sale of electricity on the island of Oahu. HECO seeks an increase of approximately \$98,614,000, or 9.9 per cent, over its current rates. HECO also proposes to change its recovery of certain revenues through its Integrated Resource Planning Cost Recovery mechanism by through base rates. Revenues at present rates (and at proposed rates) recovered through the Integrated Resource Planning Clause currently is used to recover costs for its demand-side management ("DSM") programs that are not approved stipulations regarding its DSM programs. HECO recover certain revenues (estimated at \$24.4 million for the year 2005) through the IRP Clause through base rates. HECO advises that the increase in requested revenues will be offset by the decrease in requested revenues is approximately \$74,194,000, effective rates, i.e., the rates that are currently in effect, will be the IRP Clause.

The requested increase is based on estimated total revenues for the normalized 2005 calendar test year (based on May 1, 2004) and a 9.11 per cent rate of return on HECO's average rate base.

HECO's most recent general increase in its rates was in 2003. HECO states that a substantial part of its need to: (1) recover revenues that are not recovered through base rates; and (2) recover the incremental costs of enhanced energy efficiency demand-side management ("DSM") programs, Conservation Energy Awareness ("CEA") program; and (3) management DSM programs. In connection thereto, HECO also states that: (1) implement its seven (7) proposed enhanced energy efficiency programs; (2) implement its seven proposed programs; (3) implement its two (2) load management DSM programs; (4) implement its incentive provision for the DSM programs; and (5) implement its proposed DSM Reconciliation Clause. HECO also states that: (1) improvement projects completed since its last rate case in 1999; (2) an additional 29 megawatts of firm capacity and energy from Partners, L.P., which is subject to the Commission's review; (3) other measures taken to address peak load and increasing electricity use; and (4) increased operating and maintenance costs.

HECO requests that its general rate increase and the revision be implemented in two (2) steps:

1. Interim Increase: An interim increase in rates, which the Commission is entitled to, based on the evidentiary record, pursuant to HRS §261-10.
2. Final Increase: A general rate increase upon the Commission's Order that provides for the amount of the total requested rate increase in the interim rate increase.

The proposed rate increases over present base rates, by rate class, in dollar amounts and by percentage, are as follows:

Rate Class

- R Residential
- G General, Non-Demand
- J General, Demand
- H Commercial Cooking, Heating, Air Conditioning & Refrigeration
- PS Large Power, Secondary Voltage
- PP Large Power, Primary Voltage

AFFIDAVIT OF PUBLICATION

STATE OF HAWAII

City and County of Honolulu

SS.

Jane Kawasaki

being duly sworn,

deposes and says that she is a clerk, duly authorized to execute this affidavit of THE HONOLULU ADVERTISER, a division of GANNETT PACIFIC CORPORATION, that said newspaper is a newspaper of general circulation in the State of Hawaii, and that the attached notice is a true notice as was published in the aforereferenced newspaper as follows:

The Honolulu Advertiser:

1

time(s), on

12/29/2004

and that affiant is not a party to or in any way interested in the above entitled matter.

Jane Kawasaki

Subscribed and sworn to before me this 24th day of January A.D. 2005.

Elsie A. Maruyama

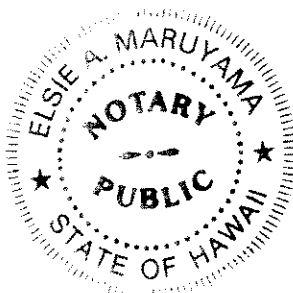
ELSIE A. MARUYAMA

Notary Public of the First Judicial Circuit

State of Hawaii

My commission expires

March 7, 2008



IN THE MATTER OF

NOTICE OF PUBLIC HEARING

NOTICE OF PUBLIC HEARING

**APPLICATION OF HAWAIIAN ELECTRIC COMPANY, INC.
FOR APPROVAL OF RATE INCREASES AND REVISED RATE
SCHEDULES AND RULES, AND FOR APPROVAL AND/OR
MODIFICATION OF DEMAND-SIDE AND LOAD MANAGEMENT
PROGRAMS AND RECOVERY OF PROGRAM COSTS
AND DEMAND-SIDE MANAGEMENT UTILITY INCENTIVES**

DOCKET NO. 04-0113

NOTICE IS HEREBY GIVEN that pursuant to chapters 91 and 269, Hawaii Revised Statutes ("HRS"), the STATE OF HAWAII, PUBLIC UTILITIES COMMISSION ("Commission"), will hold a public hearing relating to the application of HAWAIIAN ELECTRIC COMPANY, INC. ("HECO"), filed on November 12, 2004, for: (1) approval of a general rate increase and revised rate schedules and rules; and (2) approval and/or modification of its demand-side and load management programs and recovery of program costs and demand-side management utility incentives. The public hearing will be held as follows:

Date: Wednesday, January 12, 2005
Time: 6:00 p.m.
Location: Kaimuki High School Auditorium

HECO is a franchised public utility engaged in the production, purchase, transmission, distribution, and sale of electricity on the island of Oahu. HECO seeks Commission approval of a general rate increase of approximately \$98,614,000, or 9.9 per cent, over revenues at present base rates. HECO also proposes to change its recovery of certain revenues that are presently recovered through its Integrated Resource Planning Cost Recovery mechanism by seeking the recovery of these revenues through base rates. Revenues at present rates (and at proposed rates) are calculated without including revenues recovered through the Integrated Resource Planning Cost Recovery Provision ("IRP Clause"). The IRP Clause currently is used to recover costs for integrated resource planning ("IRP") and demand-side management ("DSM") programs that are not included in base rates. As a result of approved stipulations regarding its DSM programs, HECO instead proposes in this rate case to recover certain revenues (estimated at \$24.4 million for the normalized test year) currently recovered through the IRP Clause through base rates. HECO advises that part of the increase in base rates experienced by customers will be offset by the decrease in IRP Clause revenues. Thus, the net increase in requested revenues is approximately \$74,194,000, or 7.3 per cent, over revenues at current effective rates, i.e., the rates that are currently in effect, which include both the present base rates and the IRP Clause.

The requested increase is based on estimated total revenue requirements of \$1,095,721,000 for the normalized 2005 calendar test year (based on May 1, 2004 fuel oil and purchased energy prices and a 9.11 per cent rate of return on HECO's average rate base)(the "2005 test year").

HECO's most recent general increase in its rates was in 1995 (with a subsequent, temporary rate reduction that took effect in 2003). HECO states that a substantial part of its proposed increase in rates arises out of its need to: (1) recover revenues that are currently generated by the IRP Clause, through base rates instead; and (2) recover the incremental costs of: (A) its seven (7) proposed enhanced energy efficiency demand-side management ("DSM") programs; (B) its proposed Residential Conservation Energy Awareness ("RCEA") program; and (C) two (2) Commission-approved load management DSM programs. In connection thereto, HECO also requests the Commission's approval to: (1) implement its seven (7) proposed enhanced energy efficiency DSM programs; (2) recover through base rates, the costs of the seven proposed programs, the proposed RCEA program, and the two (2) load management DSM programs; (3) implement and recover the costs of a DSM Utility Incentive provision for the DSM programs; and (4) reconcile DSM customer incentives through a proposed DSM Reconciliation Clause. HECO also states that it seeks recovery for: (1) capital improvement projects completed since its last rate case in 1995; (2) the proposed purchase of up to an additional 29 megawatts of firm capacity and energy from independent power producer Kalaheo Partners, L.P., which is subject to the Commission's review and approval in a separate, pending proceeding; (3) other measures taken to address peak load increases arising out of economic growth and increasing electricity use; and (4) increased operating and maintenance costs.

HECO requests that its general rate increase and the revisions to its rate schedules and rules take effect in two (2) steps:

1. **Interim Increase:** An interim increase in rates, which the Commission finds HECO is "probably entitled" to, based on the evidentiary record, pursuant to HRS §269-16(d); and
2. **Final Increase:** A general rate increase upon the Commission's issuance of its final Decision and Order that provides for the amount of the total requested revenue increase that was not included in the interim rate increase.

The proposed rate increases over present base rates, by rate classes for the normalized 2005 test year, in dollar amounts and by percentage, are as follows:

Rate Class	Revenue Increase (in \$000s)	Percentage Increase %
R Residential	\$31,293.5	9.84%
G General, Non-Demand	5,975.6	9.84
J General, Demand	25,105.2	9.84
H Commercial Cooking, Heating, Air Conditioning & Refrigeration	680.6	9.84
PS Large Power, Secondary Voltage	9,756.8	9.84
PP Large Power, Primary Voltage	22,731.7	9.84

AFFIDAVIT OF PUBLICATION

SS.

being duly sworn,
I, _____, a clerk, duly authorized to
publish the HONOLULU ADVERTISER, a division
of THE HONOLULU ADVERTISING CORPORATION, that said newspaper is a
publication in the State of Hawaii, and that
notice as was published in the
as follows:

1 time(s), on

to or in any way interested in the above

Kawana L.
before me this 24th day of January A.D. 2005.

A. Maruyama
Notary Public of the First Judicial Circuit
State of Hawaii
My commission expires

March 7, 2008

The proposed rate increases over present base rates, by rate classes for the normalized 2005 test year, in dollar amounts and by percentage, are as follows:

Rate Class	Revenue Increase (in \$000s)	Percentage Increase %
R Residential	\$31,293.5	9.84%
G General, Non-Demand	5,975.6	9.84
J General, Demand	25,105.2	9.84
H Commercial Cooking, Heating, Air Conditioning & Refrigeration	680.6	9.84
PS Large Power, Secondary Voltage	9,756.8	9.84
PP Large Power, Primary Voltage	22,731.7	9.84
PT Large Power, Transmission Voltage	1,786.0	9.84
F Public Street Lighting, Highway Lighting, & Park & Playground Lighting	521.5	9.84
Total Sales Revenue	\$97,850.9	9.84
Other Operating Revenues	763.1	24.81
Total Revenues	\$98,614.0	9.89% (rounded, 9.9%)

The proposed rate increases over current effective rates, by rate classes for the normalized 2005 test year, in dollar amounts and by percentage, are as follows, i.e., the proposed net increases:

Rate Class	Revenue Increase (in \$000s)	Percentage Increase %
R Residential	\$22,245.4	6.80%
G General, Non-Demand	4,937.2	8.00
J General, Demand	19,611.3	7.53
H Commercial Cooking, Heating, Air Conditioning & Refrigeration	535.0	7.58
PS Large Power, Secondary Voltage	7,388.6	7.28
PP Large Power, Primary Voltage	16,875.9	7.13
PT Large Power, Transmission Voltage	1,317.2	7.08
F Public Street Lighting, Highway Lighting, & Park & Playground Lighting	517.9	9.77
Total Sales Revenue	\$73,428.5	7.21%
Other Operating Revenues	763.1	24.81%
Total Revenues	\$74,191.6	7.26% (rounded, 7.3%)

The proposed increases reflect the average proposed increase for each schedule of service. The increase experienced by a particular customer will depend on the customer's schedule of service and other factors, such as the customer's energy use and the customer's billing demand (where applicable).

The proposed rate schedules include: (1) revisions in rate levels, customer charges, demand charges, energy charges, and other charges, where applicable; (2) the discontinuance of Riders EV-R and EV-C; and (3) the addition of Schedule TOU-C and the DSM Reconciliation Clause. In addition, HECO proposes to incorporate certain other schedules and riders that are currently pending in separate proceedings (including HECO's proposed Schedule CHP and Rider EDR), if these proposals are ultimately approved by the Commission.

The Commission will determine whether the proposed revenue increase, changes in rate schedules and rules, and other matters requested or proposed by HECO, are just and reasonable. The Commission will hold an evidentiary hearing to be scheduled sometime after the conclusion of the public hearing; unless HECO and the applicable parties in this docket, at their option and upon the Commission's approval, waive the evidentiary hearing. The total revenue increase for the 2005 test year will not exceed the \$98,614,000 over revenues at present base rates (based on May 1, 2004 fuel oil and purchased energy prices) that HECO requests. However, the increase in rates and charges to be finally approved by the Commission, if any, may be higher or lower than the proposed rates and charges for the various rate schedules of service noted above.

All interested persons are invited to attend the public hearing to state their views orally, in writing, or both. Written statements may be submitted prior to or at the public hearing. Statements may be mailed to the Public Utilities Commission, 465 South King Street, #103, Honolulu, Hawaii, 96813. Statements may also be sent by electronic mail to the Commission's e-mail address at Hawaii.PUC@hawaii.gov.

Motions to Intervene or Participate in this proceeding shall comply with Subchapter 4, Rules of Practice and Procedure Before the Commission, Hawaii Administrative Rules, Title 6, Chapter 61. A motion to intervene or participate in this proceeding shall be filed with the Commission's Honolulu office by January 22, 2005.

Copies of HECO's application and supporting documents are available for public inspection during regular business hours at the following locations:

PUBLIC UTILITIES COMMISSION
465 S. King Street, #103
Honolulu, HI 96813
Phone: (808) 586-2020

DEPARTMENT OF COMMERCE AND
CONSUMER AFFAIRS
DIVISION OF CONSUMER ADVOCACY
335 Merchant Street, #326
Honolulu, HI 96813
Phone: (808) 586-2800

HAWAIIAN ELECTRIC CO., INC.
Customer Service Desk
820 Ward Avenue
Honolulu, HI 96814
900 Richards Street
Honolulu, Hawaii 96813
Phone: (808) 543-5670

Special needs to accommodate persons with disabilities can be made if requested reasonably in advance by contacting the Commission's Honolulu office.

William A. Bonnet
Vice President-Government and
Community Affairs
Hawaiian Electric Company, Inc.
(Hon. Adv.: Dec. 29, 2004)

(A-943406)